You know home mortgage twins Fannie Mae and Freddie Mac. They’re quasi-government enterprises that own or underwrite more than half the homes in America. When the housing bubble burst a few years back, Fannie and Freddie got stuck with a lot of bad mortgages. The federal government stepped in and spent a lot of taxpayer money to save them. Now Republicans in Congress want the government to step out. Two local congressmen, Republicans Gary Miller and John Campbell, have ideas about how to do that.

Many lawmakers want to eliminate Fannie and Freddie completely. And they’re not the only ones.

Earlier this year, Treasury Secretary Timothy Geithner assured the House Financial Services Committee that the days of Fannie and Freddie are numbered. "We’re going to make sure that we wind these institutions down and that we do everything we can to minimize losses to the taxpayer."

But Ron Phipps, president of the National Association of Realtors, says you can’t simply slam the door on two of the biggest buyers of home mortgages in the country. "What we really need to get is to a market in which there’s a significant private sector piece, but we can’t get rid of what we have because there isn’t a market in place and the casualty of the lack of a secondary market would be the disappearance of 30-year fixed-rate mortgages."

In other words, banks need a market where they can resell those 30-year loans – a market with enough capital and enough time to hold onto a 30-year investment. Without that secondary market, banks won’t have the money to lend to new would-be homeowners.

That’s why the National Association of Realtors is backing a bipartisan proposal co-authored by Diamond Bar Republican Congressman Gary Miller. It creates an alternative to Fannie and Freddie called a “Secondary Market Facility.”

Miller says, "You have to have a facility that basically utilizes private sector funds, takes those funds, puts them into the private marketplace and minimizes any risk to the taxpayers."

This new mortgage buying entity would take over the loan portfolios of Fannie Mae and Freddie Mac and sell bonds to raise the capital needed to buy new mortgages from banks. Lenders would pay fees to insure against losses.

But another member of the House Financial Services Committee, **Republican John Campbell of Irvine**, doesn't think there's enough protection for taxpayers built into Miller's proposal."
I don't think anybody can design an entity that cannot fail because human beings make bad decisions. You could always have a bad actor, or a regulator misses it. That could always happen."

Campbell has his own bipartisan bill to create not one, but a series of successors to Freddie and Fannie. It's backed by the Mortgage Bankers Association.

His bill would spread the risk around. **"We have private organizations, private associations that get formed, a minimum of five, but we actually hope to have dozens of them that would guarantee these mortgages."**

The proposals from Miller and **Campbell** haven't been heard in committee yet. But a House Financial Services subcommittee has held hearings to examine more than a dozen other bills that tinker with the secondary marketplace. None of them have advanced to the House floor for a vote.